

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Burtchville Township	County St. Clair
Audit Date 3/31/04	Opinion Date 5/28/04	Date Accountant Report Submitted to State: 8/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Stewart, Beauvais & Whipple			
Street Address 1979 Holland Ave.	City Port Huron	State MI	ZIP 48060
Accountant Signature 			Date 8/30/04

BURTCHVILLE TOWNSHIP
St. Clair County, Michigan
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2004

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

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INDEPENDENT AUDITOR'S REPORT

To the Members of
the Township Board
Burtchville Township
St. Clair County, Michigan

We have audited the general purpose financial statements of the Burtchville Township, Michigan, as of and for the fiscal year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Burtchville Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Burtchville Township, Michigan, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund type and similar trust fund for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Stewart, Beauvais & Whipple'.

Certified Public Accountants

May 28, 2004

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

	Governmental Fund Types		Proprietary Fund Type
	General	Special Revenue	Enterprise
ASSETS			
Cash and cash equivalents	\$ 318,008	\$ 526,004	\$ 350,958
Investments	71,352	25,000	-
Receivables -			
Accounts	-	4,215	-
Interest	3,827	1,174	-
Utilities	-	-	118,543
Taxes	10,355	17,804	-
Due from other governmental units	36,680	-	-
Due from other funds	54,484	1,000	2,192
Inventory	-	-	17,383
Restricted Assets -			
Cash and cash equivalents	-	-	175,426
Investments	-	-	1,000,000
Deposits with St. Clair County	-	-	47,640
Receivables -			
Special assessments/connection fees	-	-	2,018,211
Interest	-	-	53,631
Due from other funds	-	-	13,932
Intra-fund receivable	-	-	16,102
Fixed Assets (net of accumulated depreciation)	-	-	8,755,506
Unamortized bond discount (net of amortization)	-	-	129,562
Total Assets and Other Debits	<u>\$ 494,706</u>	<u>\$ 575,197</u>	<u>\$ 12,699,086</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable/accrued liabilities	\$ 12,957	\$ 10,602	\$ 26,997
Due to other funds	16,124	50,623	-
Due to other governmental units	-	-	-
Intra-fund payable	-	-	16,102
Current liabilities (payable from restricted assets)			
Accounts payable	-	-	9,902
Due to other governmental units	-	-	3,701
Deferred amount on refunding	-	-	(289,231)
Current portion of contracts payable	-	-	400,000
Contracts payable, net of current portion	-	-	4,690,000
Total Liabilities	<u>29,081</u>	<u>61,225</u>	<u>4,857,471</u>
Fund Equity:			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	5,092,641
Retained Earnings -			
Reserved for construction/debt	-	-	44,122
Unreserved	-	-	2,704,852
Fund Balance -			
Reserved - Perpetual care	-	-	-
Inspections	-	-	-
Unreserved -			
Undesignated	465,625	513,972	-
Total Equity and Other Credits	<u>465,625</u>	<u>513,972</u>	<u>7,841,615</u>
Total Liabilities, Equity and Other Credits	<u>\$ 494,706</u>	<u>\$ 575,197</u>	<u>\$ 12,699,086</u>

Fiduciary Fund Types	Account Group	Total (Memorandum Only)	
		March 31, 2004	March 31, 2003
Trust and Agency	Fixed Assets		
\$ 13,202	\$ -	\$ 1,208,172	\$ 1,326,033
47,373	-	143,725	143,725
-	-	4,215	1,782
4,500	-	9,501	3,176
-	-	118,543	118,193
-	-	28,159	17,374
-	-	36,680	42,981
-	-	57,676	10,609
-	-	17,383	17,793
-	-	175,426	2,751,209
-	-	1,000,000	1,500,000
-	-	47,640	215,806
-	-	2,018,211	2,481,735
-	-	53,631	19,830
-	-	13,932	13,932
-	-	16,102	16,102
-	1,796,346	10,551,852	10,475,372
-	-	129,562	99,495
<u>\$ 65,075</u>	<u>\$ 1,796,346</u>	<u>\$ 15,630,410</u>	<u>\$ 19,255,147</u>
\$ -	\$ -	\$ 50,556	\$ 47,270
4,861	-	71,608	24,541
3,645	-	3,645	670
-	-	16,102	16,102
-	-	9,902	-
-	-	3,701	-
-	-	(289,231)	-
-	-	400,000	350,000
-	-	4,690,000	7,900,000
<u>8,506</u>	<u>-</u>	<u>4,956,283</u>	<u>8,338,583</u>
-	1,796,346	1,796,346	1,541,822
-	-	5,092,641	5,092,641
-	-	44,122	212,386
-	-	2,704,852	2,813,171
52,461	-	52,461	52,061
-	-	-	37,613
4,108	-	983,705	1,166,870
<u>56,569</u>	<u>1,796,346</u>	<u>10,674,127</u>	<u>10,916,564</u>
<u>\$ 65,075</u>	<u>\$ 1,796,346</u>	<u>\$ 15,630,410</u>	<u>\$ 19,255,147</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004**

			Total (Memorandum Only)	
	General	Special Revenue	March 31, 2004	March 31, 2003
Revenues:				
Taxes	\$ 76,919	\$ 150,026	\$ 226,945	\$ 214,656
Licenses and permits	-	56,423	56,423	61,081
Intergovernmental	275,409	98,670	374,079	325,696
Charges for services	60,682	14,875	75,557	64,165
Interest	11,455	11,343	22,798	38,121
Other revenue	41,368	3,097	44,465	18,822
Total Revenue	<u>465,833</u>	<u>334,434</u>	<u>800,267</u>	<u>722,541</u>
Expenditures:				
Legislature	6,386	-	6,386	6,622
General government	251,436	-	251,436	253,259
Public safety	6,978	189,397	196,375	109,493
Public works	273,741	86,457	360,198	163,325
Recreation and cultural	-	197,231	197,231	74,151
Debt service	-	-	-	1,710
Capital outlay	12,323	-	12,323	5,151
Total Expenditures	<u>550,864</u>	<u>473,085</u>	<u>1,023,949</u>	<u>613,711</u>
Excess of revenues over (under) expenditures	<u>(85,031)</u>	<u>(138,651)</u>	<u>(223,682)</u>	<u>108,830</u>
Other Financing Sources (Uses) :				
Operating transfers in	1,344	140,613	141,957	126,900
Operating transfers out	<u>(139,613)</u>	<u>-</u>	<u>(139,613)</u>	<u>(126,900)</u>
	<u>(138,269)</u>	<u>140,613</u>	<u>2,344</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(223,300)</u>	<u>1,962</u>	<u>(221,338)</u>	<u>108,830</u>
Fund Balances at beginning of fiscal year	<u>688,925</u>	<u>512,010</u>	<u>1,200,935</u>	<u>1,092,105</u>
Fund Balances at end of fiscal year	<u>\$ 465,625</u>	<u>\$ 513,972</u>	<u>\$ 979,597</u>	<u>\$ 1,200,935</u>

See Notes to
Financial Statements

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL AND SPECIAL REVENUE FUNDS
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 76,794	\$ 76,919	\$ 125
Licenses and permits	54,100	-	(54,100)
Intergovernmental	302,458	275,409	(27,049)
Charges for services	51,207	60,682	9,475
Interest	15,400	11,455	(3,945)
Other revenue	-	41,368	41,368
Total Revenues	<u>499,959</u>	<u>465,833</u>	<u>(34,126)</u>
Expenditures:			
Legislature	12,004	6,386	5,618
General government	300,714	251,436	49,278
Public safety	2,625	6,978	(4,353)
Public works	261,800	273,741	(11,941)
Recreation and cultural	-	-	-
Capital outlay	12,523	12,323	200
Total Expenditures	<u>589,666</u>	<u>550,864</u>	<u>38,802</u>
Excess of revenues over (under) expenditures	<u>(89,707)</u>	<u>(85,031)</u>	<u>4,676</u>
Other Financing Sources (Uses):			
Operating transfers in	-	1,344	1,344
Operating transfers out	(102,000)	(139,613)	(37,613)
Total Other Financing Sources (Uses)	<u>(102,000)</u>	<u>(138,269)</u>	<u>(36,269)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(191,707)</u>	<u>(223,300)</u>	<u>(31,593)</u>
Fund Balances at beginning of fiscal year	<u>688,925</u>	<u>688,925</u>	<u>-</u>
Fund Balances at end of fiscal year	<u>\$ 497,218</u>	<u>\$ 465,625</u>	<u>\$ (31,593)</u>

See Notes to
Financial Statements

Special Revenue Funds		
Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 142,100	\$ 150,026	\$ 7,926
54,000	56,423	2,423
252,541	98,670	(153,871)
6,300	14,875	8,575
7,160	11,343	4,183
86,600	3,097	(83,503)
<u>548,701</u>	<u>334,434</u>	<u>(214,267)</u>
-	-	-
-	-	-
194,693	189,397	5,296
104,500	86,457	18,043
202,066	197,231	4,835
-	-	-
<u>501,259</u>	<u>473,085</u>	<u>28,174</u>
<u>47,442</u>	<u>(138,651)</u>	<u>(186,093)</u>
59,710	140,613	80,903
-	-	-
<u>59,710</u>	<u>140,613</u>	<u>80,903</u>
107,152	1,962	(105,190)
<u>512,010</u>	<u>512,010</u>	<u>-</u>
<u>\$ 619,162</u>	<u>\$ 513,972</u>	<u>\$ (105,190)</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)	
	Enterprise	Non- Expendable Trust	March 31, 2004	March 31, 2003
Operating Revenues:				
User charges	\$ 440,342	\$ -	\$ 440,342	\$ 436,958
Turn on/off fees	7,672	-	7,672	4,300
Inspection fees	1,125	-	1,125	1,575
Other charges	17,604	-	17,604	13,743
Sale of Perpetual Care	-	400	400	350
Total Operating Revenues	<u>466,743</u>	<u>400</u>	<u>467,143</u>	<u>456,926</u>
Operating Expenses :				
Salaries	79,394	-	79,394	74,662
Fringe benefits	21,113	-	21,113	19,044
Water purchases	166,471	-	166,471	153,000
Supplies	14,496	-	14,496	27,466
Professional fees	6,026	-	6,026	3,554
Contractual services	264	-	264	3,646
Utilities	9,890	-	9,890	8,288
Repairs and maintenance	10,627	-	10,627	6,285
Miscellaneous	31,330	-	31,330	27,696
Total Operating Expenses	<u>339,611</u>	<u>-</u>	<u>339,611</u>	<u>323,641</u>
Operating Income before depreciation	127,132	400	127,532	133,285
Depreciation	<u>(206,551)</u>	<u>-</u>	<u>(206,551)</u>	<u>(205,908)</u>
Operating Income (Loss)	<u>(79,419)</u>	<u>400</u>	<u>(79,019)</u>	<u>(72,623)</u>
Non-Operating Revenues (Expenses):				
User charges - debt service	163,452	-	163,452	162,938
Interest earned on -				
Investments	84,551	2,904	87,455	178,963
Special assessments	100,324	-	100,324	122,690
Connection fees	18,255	-	18,255	20,148
Special assessments/connection fees	32,165	-	32,165	69,135
Interest expense for debt	<u>(595,911)</u>	<u>-</u>	<u>(595,911)</u>	<u>(434,824)</u>
Total Non-Operating Revenues (Expenses)	<u>(197,164)</u>	<u>2,904</u>	<u>(194,260)</u>	<u>119,050</u>
Net Income (Loss) before transfers	<u>(276,583)</u>	<u>3,304</u>	<u>(273,279)</u>	<u>46,427</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE YEAR ENDED MARCH 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)	
	Enterprise	Non- Expendable Trust	March 31, 2004	March 31, 2003
Other Financing Uses:				
Operating transfers out	\$ -	\$ (2,344)	\$ (2,344)	\$ -
Net Income (Loss)	(276,583)	960	(275,623)	46,427
Retained Earnings/Fund Balance at beginning of fiscal year	<u>3,025,557</u>	<u>55,609</u>	<u>3,081,166</u>	<u>3,034,739</u>
Retained Earnings/Fund Balance at end of fiscal year	<u>\$ 2,748,974</u>	<u>\$ 56,569</u>	<u>\$ 2,805,543</u>	<u>\$ 3,081,166</u>

See Notes to
Financial Statements

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

COMBINED STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND FOR THE YEARS ENDED MARCH 31, 2004

	Proprietary Fund Types	Fiduciary Fund Type	Total (Memorandum Only)	
	Enterprise	Non-Expendable Trust	2004	2003
Cash Flow From Operating Activities:				
Receipts from customers and reimbursements	\$ 466,393	\$ 400	\$ 466,793	\$ 438,692
Payments to suppliers	(235,279)	-	(235,279)	(214,541)
Payments to employees	(100,507)	-	(100,507)	(93,706)
Net Cash Provided by Operating Activities	<u>130,607</u>	<u>400</u>	<u>131,007</u>	<u>130,445</u>
Cash Flow From Capital and Related Financing Activities:				
Construction of capital assets	(28,507)	-	(28,507)	(5,551)
Debt payments	(4,077,420)	-	(4,077,420)	(759,824)
Special assessment/connection fees	495,689	-	495,689	551,005
User charges - debt service	163,452	-	163,452	162,938
Contracts Payable	9,902	-	9,902	(281)
Deposits	168,166	-	168,166	7,885
Due to other governmental units	<u>3,701</u>	<u>-</u>	<u>3,701</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,265,017)</u>	<u>-</u>	<u>(3,265,017)</u>	<u>(43,828)</u>
Cash Flows From Non-Capital Financing Activities:				
Operating transfers out	<u>-</u>	<u>(1,344)</u>	<u>(1,344)</u>	<u>-</u>
Cash Flow From Investing Activities:				
Interest earned	169,329	654	169,983	305,072
Sale (Purchase) of investments	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>(1,500,000)</u>
Net Cash Provided (Used) by Investing Activities	<u>669,329</u>	<u>654</u>	<u>669,983</u>	<u>(1,194,928)</u>
Net decrease in cash and cash equivalents for the fiscal year	(2,465,081)	(290)	(2,465,371)	(1,108,311)
Cash and Cash Equivalents at beginning of fiscal year	<u>2,991,465</u>	<u>5,986</u>	<u>2,997,451</u>	<u>4,105,762</u>
Cash and Cash Equivalents at end of fiscal year	<u>\$ 526,384</u>	<u>\$ 5,696</u>	<u>\$ 532,080</u>	<u>\$ 2,997,451</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE YEARS ENDED MARCH 31, 2004

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>	
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>2004</u>	<u>2003</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Cash Flow From Operating Activities:				
Operating income (loss) for the fiscal year	\$(79,419)	\$ 400	\$(79,019)	\$(72,623)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation and amortization	208,762	-	208,762	208,119
Changes in assets and liabilities -				
(Increase) decrease in -				
Receivables	1,432	-	1,432	(20,016)
Due from other funds	-	-	-	(9,895)
Inventory	410	-	410	4,323
(Increase) decrease in -				
Payables	(578)	-	(578)	10,642
Due to other funds	-	-	-	9,895
Net Cash Provided by Operating Activities	<u>\$ 130,607</u>	<u>\$ 400</u>	<u>\$ 131,007</u>	<u>\$ 130,445</u>

Supplemental Schedule On Non-Cash Financing Activities

During the year the Township issued \$2,740,000 of Water Supply System No. IX Bonds to partially defease the 1996 Water Supply System No. IX and 1998 Water Supply System IX Bonds.

See Notes to
Financial Statements

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The accounting methods and procedures adopted by Burtchville Township, Michigan, conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following Notes to the Financial Statements are an integral part of the Township's Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

GENERAL STATEMENT - Burtchville Township, Michigan, was organized as a Township in 1842. The Township is one of twenty-three (23) Townships in St. Clair County and covers an area of approximately 18 square miles. The Township operates under an elected Township Board which consists of the Supervisor, Clerk, Treasurer and two Trustees, and provides services to its more than 3,900 residents in many areas including fire protection, water, roads, cemetery, public safety and recreation.

The accounting and reporting policies of the Township relating to the funds and account group included in the general purpose financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled, "Audit of State and Local Governmental Units" and by the Financial Accounting Standards Board (when applicable). The Township does not apply the Financial Accounting Standards Board, Statements and Interpretation, Accounting Principles Board Opinion, and Accounting Research Bulletin of the Committee of Accounting Procedures issued after November 30, 1989. The more significant accounting policies of the Township are described below:

FINANCIAL REPORTING ENTITY - In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, the reporting entity includes both the primary government and all of its "component units". The criteria established by GASB for determining the component units include oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. On this basis, the financial statements of certain other entities listed below are not included in the financial statements of the Township.

The Township collects taxes in an agency capacity for the following entities, however, there is no oversight responsibility or fiscal dependency, and the Township's financial statements are not misleading without these organizations.

Port Huron Area Schools
Yale Public Schools
St. Clair County

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

BASIS OF PRESENTATION - The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements of this report into three fund types and one account group as follows:

GOVERNMENTAL FUND TYPES -

GENERAL FUND - The General Fund is the General Operating Fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

PROPRIETARY FUND TYPE -

ENTERPRISE FUND - The Enterprise Fund is used to report operations that provide services which are financed primarily by user charges.

FIDUCIARY FUND TYPE -

TRUST FUND - The Trust Fund is used to account for assets held by the Township in a trustee capacity for individuals and other funds. Non-Expendable Trust Funds are accounted for in essentially the same manner as a Proprietary Fund.

AGENCY FUNDS - Agency Funds are used to account for assets held by the Township as an agent for individuals, other governments and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations.

ACCOUNT GROUP -

GENERAL FIXED ASSETS ACCOUNT GROUP - The General Fixed Assets Account Group is used to establish accounting control over the fixed assets of the Township not recorded in the Proprietary Fund types.

MEASUREMENT FOCUS - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and similar trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Prior to April 1, 2001, capital grants and assessments were reported as a direct increase to contributed capital, therefore fund equity is segregated into contributed capital and retained earnings components. All capital grants or assessments received after April 1, 2001 are recorded as a revenue of the fund. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g. expenses) in net total assets.

There is no measurement focus for the Agency Fund since assets equal liabilities.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenues and expenditures, or expenses, as appropriate, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (recorded as a receivable when measurable and as a revenue when available) to meet current or future operations of the Township. The Township considers all revenues available if they are normally collected within 60 days after the year end. Revenues which are considered measurable but not available are recorded as a receivable and deferred revenue. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt, which is recorded when due.

The Proprietary Fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred. Unbilled receivables of the proprietary fund are recorded at year end.

CASH EQUIVALENTS - Cash equivalents are short-term investments that consist of certificates of deposit with maturity of ninety days or less from date of purchase, money market accounts, and investment trusts. These accounts are recorded at cost, which approximates fair market value.

INVESTMENTS - Investments consist of certificates of deposit with a maturity of more than 90 days from date of purchase. These investments are recorded at market.

INTERFUND RECEIVABLE/PAYABLE BALANCES - Interfund receivable and payable balances described as Due From and Due To Other Funds on the Balance Sheet reflect amounts due from or owed to a particular fund by another fund of the Township. These amounts include any short-term obligations on open accounts and not current portions of long-term loans.

INVENTORY - The cost of inventory items in the governmental funds is recorded as an expenditure at the time of purchase. Inventory in the Water Fund (Enterprise Fund) is stated at the lower of cost or market, determined by the first-in, first-out (FIFO) method.

FIXED ASSETS AND LONG-TERM LIABILITIES - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their Balance Sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.”

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group, rather than in governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types.

Fixed assets are recorded at cost and estimated cost, or if donated, at fair market value at the date of donation. Expenditures which materially extend the useful life of existing assets are capitalized. Public domain (infrastructures) general fixed assets which include roads, bridges, curbs and gutters, sidewalks and drains are not capitalized.

The Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their Balance Sheet. Interest expense incurred during construction is capitalized net of interest earnings (if applicable).

In the Proprietary Fund, major additions to fixed assets are charged to the property accounts, while maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired, or otherwise disposed of, the cost of the property and related depreciation are removed from the accounts. Gains and losses from disposals are included in earnings.

Depreciation of all exhaustible fixed assets used by the Proprietary Fund (Water Fund) is charged as an expense against its operations. Accumulated depreciation is reported on the Proprietary Fund balance sheet. Depreciation is computed on the straight-line method over the estimated useful life of the related asset. The estimated useful life is:

Software	3 years
Equipment	5 - 10 years
Utility Systems	50 years

Depreciation is not recorded in the General Fixed Asset Account Group.

PROPERTY TAX LEVY - Property taxes levied in December of the current fiscal year for the Township are treated as revenues in the current fiscal year.

RECEIVABLES - All receivables are recorded net of any uncollectible amounts. All delinquent real property taxes, utilities charges and special assessments become liens against the property and are reimbursed by St. Clair County’s Delinquent Tax Revolving Fund. The County will, however, charge back to the Township any amounts not collected at the end of three years. Past experience has indicated that such chargebacks should not be material; therefore, an allowance for doubtful accounts is not needed.

BUDGETS - Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriation budgets are adopted for the General and Special Revenue Funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year end.

Budgeted amounts are reported as originally adopted, or as amended by the Township Board during the year.

ESTIMATES - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOTAL COLUMNS ON COMBINED STATEMENTS - Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America; neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

COMPARATIVE DATA - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. The prior year's data has been revised to reflect changes in the classification of accounts.

GASB 34/FUTURE ACCOUNTING CHANGE - In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The most significant changes include presenting full accrual financial statements for all activities, including reporting infrastructure assets (roads, bridges, etc.) and changing the emphasis in the presentation from fund basis financial statements to focus on major funds. The general provisions of GASB No. 34 must be implemented by Burtchville Township no later than the fiscal year ending March 31, 2005.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budget -

The Township Supervisor prepares and submits the proposed operating budgets for the year commencing April 1. The budgets include proposed expenditures and resources to finance them.

Prior to March 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the department level for the General Fund and the function level (second position representing major program area) for the Special Revenue Funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Expenditures at these legally adopted levels in excess of the amount budgeted are a violation of the Budgeting Act. During the fiscal year ended March 31, 2004, the Township incurred expenditures in the General Fund and Building Inspections Fund (Special Revenue Fund), which were in excess of the amount appropriated as follows:

<u>Department</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Variance</u>
General Fund -			
Treasurer	\$ 20,645	\$ 20,817	\$ 172
Ambulance Authority	-	5,686	5,686
Roads and Drains	235,000	248,147	13,147
Transfers Out	102,000	139,613	37,613
Building Inspection Fund -			
Public Safety	68,413	86,096	17,683

NOTE 3 - DEPOSITS AND INVESTMENTS:

In accordance with Act 20 PA 1943 as amended by Act 196 PA 1997, the Township is authorized after Board resolution to invest surplus funds in the following types of investments:

- a. In bonds, securities and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts or depository of a financial institution, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. In commercial paper rated at the time of purchase within the two (2) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. Investment pools organized under the Surplus Funds Investment Pool Act 1982 PA 367, 129.111 to 129.118.
- e. Investment pools organized under the Local Government Investment Pool Act PA 121 of 1985 (MCL 129.141 to 129.150).
- f. In bankers acceptances of United States banks.
- g. Obligations of the State of Michigan or any of the political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- h. In mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

NOTE 3 – DEPOSITS AND INVESTMENTS – (cont'd)

Deposits -

Michigan Public Acts authorize the units of local government in Michigan to deposit in the accounts of federally insured banks, insured credit unions, and savings and loan associations. Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

At March 31, 2004, the carrying amount of the Township's deposits is \$2,489,337 and the bank balance is \$2,551,223. The bank balance is classified by credit risk as follows:

Demand accounts - insured by FDIC	\$ 247,373
Demand accounts - uninsured and uncollateralized	1,148,866
Certificates of deposit uninsured and uncollateralized	<u>1,154,984</u>
	<u>\$ 2,551,223</u>

The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC Insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution it deposits Township Funds with and assesses the level of risk of each institution. The Township uses only those financial institutions with an acceptable estimated risk level as depositories.

Investments -

As of March 31, 2004, the Township has \$37,586 invested in Investment Trust Funds and Mutual Funds. Both are invested primarily in short-term maturity U.S. Government backed or guaranteed securities which are held by the trust in its name or commercial paper. These funds have not been considered to be susceptible to investment risk categories. These funds have been reported in the financial statements as a cash equivalent because they have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Financial Statement Presentation -

The following is a summary of the financial statement presentation of Deposits and Investments at March 31, 2004.

	Total	Financial Reporting	
		Cash & Cash Equivalents	Investments
Petty Cash	\$ 400	\$ 400	\$ -
Deposits	2,489,337	1,345,612	1,143,725
Investment Trust	<u>37,586</u>	<u>37,586</u>	<u>-</u>
	<u>\$ 2,527,323</u>	<u>\$ 1,383,598</u>	<u>\$ 1,143,725</u>

NOTE 4 - PROPERTY TAXES AND TAXES RECEIVABLE:

The Township property tax is levied each December on the assessed valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. Real and personal property in the Township for the levy has a State Equalized Value (SEV) of \$147,131,309 and a Taxable Value of \$105,344,842.

The Township levied the following mills on the December 31, 2003 levy.

Operating	.7046
Fire	.9352
Blue Water Area Transportation	.4902

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE BALANCES:

Interfund receivable and payable balances described as Due From or Due To Other Funds on the Balance Sheet, reflect amounts due from or due to a particular fund by another fund in the Township. These amounts include only short-term obligations on open accounts and not current portions of long-term loans. The balance of these accounts at March 31, 2004, is as follows:

	<u>Due From</u>	<u>Due To</u>
<u>General Fund:</u>		
Special Revenue Funds -		
Cemetery Fund	\$ 3,623	\$ -
Parks & Recreation Fund	42,000	-
Building Fund	5,000	-
Enterprise Fund -		
Water	-	16,124
Agency Funds -		
Current Tax Fund	<u>3,861</u>	<u>-</u>
	<u>54,484</u>	<u>16,124</u>
<u>Special Revenue Funds:</u>		
Cemetery Fund -		
General Fund	-	3,623
Cemetery Perpetual Care Fund	1,000	-
Parks and Recreation Fund -		
General Fund	-	42,000
Building Fund -		
General Fund	<u>-</u>	<u>5,000</u>
	<u>1,000</u>	<u>50,623</u>
<u>Enterprise Fund (Water Fund):</u>		
General Fund	<u>16,124</u>	<u>-</u>
<u>Trust and Agency Fund:</u>		
Cemetery Perpetual Care Fund -		
Cemetery Fund	-	1,000
Current Tax Fund -		
General	<u>-</u>	<u>3,861</u>
	<u>-</u>	<u>4,861</u>
	<u>\$ 71,608</u>	<u>\$ 71,608</u>

NOTE 6 - INTRAFUND RECEIVABLE AND PAYABLE BALANCES:

Intrafund receivable and payable balances reflect amounts due from or to one of the funds utilized to account for the Water Fund operations that are combined for reporting purposes. The balance of these accounts at March 31, 2004, is as follows:

	<u>Receivable</u>	<u>Payables</u>
Water Operating and Maintenance	\$ -	\$ 16,102
Water Debt Retirement	<u>16,102</u>	<u>-</u>
	<u>\$ 16,102</u>	<u>\$ 16,102</u>

NOTE 7 - FIXED ASSETS:

The following is a summary of fixed assets at March 31, 2004:

	<u>Proprietary Fund (Water)</u>	<u>Fixed Assets Account Group</u>	<u>Total Fixed Assets</u>
Land and building	\$ -	\$ 980,613	\$ 980,613
Equipment	45,236	815,733	860,969
Water system	<u>9,795,689</u>	<u>-</u>	<u>9,795,689</u>
	9,840,925	1,796,346	11,637,271
Less – accumulated depreciation	<u>(1,085,419)</u>	<u>-</u>	<u>(1,085,419)</u>
	<u>\$8,755,506</u>	<u>\$ 1,796,346</u>	<u>\$10,551,852</u>

The following summarizes the changes in general fixed assets for the fiscal year ended March 31, 2004:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2004</u>
Land and building	\$ 820,114	\$ 160,499	\$ -	\$ 980,613
Equipment	<u>721,708</u>	<u>94,025</u>	<u>-</u>	<u>815,733</u>
	<u>\$ 1,541,822</u>	<u>\$ 254,524</u>	<u>\$ -</u>	<u>\$ 1,796,346</u>

NOTE 8 - LONG-TERM DEBT:

The following is a summary of changes in long-term debt (including the current portion) of the Township for the year ended March 31, 2004:

	<u>Balance at April 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at March 31, 2004</u>
1996 Issue	\$ 5,250,000	\$ -	\$ 4,950,000	\$ 300,000
1997 Issue	900,000	-	875,000	25,000
2000 Issue	2,100,000	-	75,000	2,025,000
2004 Issue	<u>-</u>	<u>2,740,000</u>	<u>-</u>	<u>2,740,000</u>
Balance at March 31, 2004	<u>\$ 8,250,000</u>	<u>\$ 2,740,000</u>	<u>\$ 5,900,000</u>	<u>\$ 5,090,000</u>

St. Clair County has issued a number of General Obligation Bonds to cover the cost of constructing a Water Supply System in Burtchville Township.

Pursuant to provisions of Act 185, Public Acts of Michigan, 1957 as amended, the County and the Township have entered into contracts, whereby the Township has agreed to pay to the County amounts sufficient to pay the principal of and interest on the bonds as they become due and payable.

NOTE 8 – LONG TERM DEBT – (cont'd)

In order to pay such amounts to the County, the Township is obligated, to the extent necessary to levy add valorem taxes without limitation as to the rate or amount on all taxable property listed in the Township. It is the intention of the Township Board to pay the obligations to the County from special assessments, connection fees, and user charges. Upon final payment of the contract, ownership of the system reverts to the Township.

\$6,375,000 Water Supply System No. IX Bonds,
dated February 1, 1996, partially refunded on
February 10, 2004 with one installment remaining
which is due November 1, 2005; interest at 5.00
percent payable semi-annually \$ 300,000

\$995,000 Water Supply System No. IX – 1998
Series Bonds, dated February 1, 1998, partially
refunded on February 10, 2004 with one install-
ment remaining which is due on November 1, 2005;
interest at 4.4 percent payable semi-annually \$ 25,000

\$2,225,000 Water Supply System No. IX –
Series 2000 bond, dated July 1, 2000, due
in annual installments ranging from \$75,000
to \$200,000 through November 1, 2019;
interest ranging from 4.5 to 6.0 percent 2,025,000

The 2004 \$2,740,000 Water Supply System
No. IX Bonds, dated February 10, 2004, were
issued to partially refund the 1996 Water
Supply System No. IX Bonds, dated February 1,
1996 and the 1998 Water Supply System
No. IX Bonds, dated February 1,
1998. The 2004 bonds are due in
annual installments ranging from \$180,000 to
\$275,000 through November 1, 2016; interest
ranging from 1.5 to 5.0 percent.

2,740,000
\$ 5,090,000

The annual requirements to pay the debt principal and interest outstanding at March 31, 2004, including interest payments of \$1,714,471 are as follows:

	1996 Issue	1998 Issue	2000 Issue	2004 Issue	Total
2005	\$ 307,500	\$ 25,550	\$ 178,763	\$ 60,150	\$ 571,963
2006	-	-	174,263	292,965	467,228
2007	-	-	169,763	269,815	439,578
2008	-	-	165,263	256,015	421,278
2009	-	-	186,888	287,415	474,303
2010-2014	-	-	936,613	1,523,400	2,460,013
2015-2019	-	-	1,042,413	717,195	1,759,608
2020	-	-	210,500	-	210,500
	307,500	25,550	3,064,466	3,406,955	6,804,471
Less – interest	(7,500)	(550)	(1,039,466)	(666,955)	(1,714,471)
	<u>\$ 300,000</u>	<u>\$ 25,000</u>	<u>\$2,025,000</u>	<u>\$2,740,000</u>	<u>\$5,090,000</u>

NOTE 9 - WATER SUPPLY SYSTEM AGREEMENT:

Burtchville Township does not own a water filtration plant. Under an agreement, dated July 24, 1996 the Township agreed to purchase its present and future water requirements from the St. Clair County Department of Public Works. The County in turn amended its contract with the Detroit Water Board to supply the Township water needs.

NOTE 10 - ENTERPRISE FUND - CONTRIBUTED CAPITAL:

The Township has adopted the portion of GASB 33 related to proprietary funds, which requires grants and other non-exchange transactions to be included in the Statement of Revenues, Expenses and Changes in Retained Earnings for all amounts received on or after April 1, 2001. Previously, such amounts were reported as a direct increase to contributed capital. GASB 33 requires that all amounts previously recorded as contributed capital remain shown as contributed capital until GASB 34 is adopted which will be for the year ended March 31, 2005 for Burtchville Township.

The following is a summary of contributed capital for the Water Fund at March 31, 2004:

Fund Equity:

Contributed Capital -
Local

\$ 5,092,641

NOTE 11 - FUND EQUITY:**Reserved Fund Balance/Retained Earnings -**

Fund Balance/Retained Earnings has been reserved in the various fund types to indicate that a portion of the Fund Balance/Retained Earnings is not available but reserved for specific purposes:

<u>Fund Type/Fund</u>	<u>Description</u>	<u>Amount</u>
Fund Balance – Trust Fund	Cemetery Perpetual Care	<u>\$ 52,461</u>
Retained Earnings – Enterprise Fund	Debt	<u>\$ 44,122</u>

NOTE 12 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses, however would be responsible should limit of coverages be exceeded.

SUPPLEMENTARY FINANCIAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

To the Members of
the Township Board
Burtchville Township
St. Clair County, Michigan

Our report on our audit of the general purpose financial statements of the Burtchville Township, Michigan, for 2004 appears on page 1. The audit was conducted for the purposes of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Burtchville Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Stewart, Beauvais & Whipple
Certified Public Accountants

May 28, 2004

GENERAL FUND

The General Fund is the General Operating Fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

GENERAL FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and cash equivalents	\$ 318,008	\$ 592,528
Investments	71,352	71,352
Receivables		
Taxes	10,355	6,934
Interest	3,827	926
Due from other governmental units	36,680	42,981
Due from other funds	<u>54,484</u>	<u>8,417</u>
	<u><u>\$ 494,706</u></u>	<u><u>\$ 723,138</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 10,497	\$ 9,541
Accrued liabilities	331	2,669
Deposits payable	2,129	5,879
Due to other funds	<u>16,124</u>	<u>16,124</u>
	<u>29,081</u>	<u>34,213</u>

Fund Balance:

Reserved for -		
Inspections	-	37,613
Unreserved -		
Undesignated	<u>465,625</u>	<u>651,312</u>
	<u>465,625</u>	<u>688,925</u>
	<u><u>\$ 494,706</u></u>	<u><u>\$ 723,138</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2004 WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 76,794	\$ 76,919	\$ 125	\$ 72,646
Licenses and permits	54,100	-	(54,100)	61,081
Intergovernmental - State	302,458	275,409	(27,049)	300,749
Charges for services	51,207	60,682	9,475	56,015
Interest	15,400	11,455	(3,945)	25,035
Other revenue	-	41,368	41,368	4,317
	<u>499,959</u>	<u>465,833</u>	<u>(34,126)</u>	<u>519,843</u>
Expenditures:				
Legislature -				
Township Board	12,004	6,386	5,618	6,622
General Government -				
Supervisor	16,932	14,133	2,799	15,311
Election	1,725	635	1,090	9,464
Assessor	18,625	16,934	1,691	17,714
Clerk	26,332	24,304	2,028	23,891
Board of Review	1,855	1,722	133	1,400
Treasurer	20,645	20,817	(172)	18,691
Township Hall	195,100	166,831	28,269	159,466
Planning Commission	19,500	6,060	13,440	7,322
Public Safety -				
Protective Inspection	-	-	-	57,127
Building Enforcement	2,625	1,292	1,333	-
Ambulance Authority	-	5,686	(5,686)	-
Public Works -				
Roads and Drains	235,000	248,147	(13,147)	65,096
Street Lighting	26,800	25,594	1,206	25,670
Capital Outlay	12,523	12,323	200	5,151
	<u>589,666</u>	<u>550,864</u>	<u>38,802</u>	<u>412,925</u>
Excess of revenues over (under) expenditures	<u>(89,707)</u>	<u>(85,031)</u>	<u>4,676</u>	<u>106,918</u>
Other Financing Sources (Uses) :				
Operating transfers in	-	1,344	1,344	-
Operating transfers out	(102,000)	(139,613)	(37,613)	(126,900)
	<u>(102,000)</u>	<u>(138,269)</u>	<u>(36,269)</u>	<u>(126,900)</u>
Excess of revenues and other sources under expenditures and other uses	<u>(191,707)</u>	<u>(223,300)</u>	<u>(31,593)</u>	<u>(19,982)</u>
Fund Balance at beginning of fiscal year	<u>688,925</u>	<u>688,925</u>	<u>-</u>	<u>708,907</u>
Fund Balance at end of fiscal year	<u>\$ 497,218</u>	<u>\$ 465,625</u>	<u>(\$ 31,593)</u>	<u>\$ 688,925</u>

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004
WITH TOTALS AS OF MARCH 31, 2003

	<u>Cemetery</u>	<u>Parks and Recreation</u>	<u>Fire Capital</u>
ASSETS			
Cash and cash equivalents	\$ 5,766	\$ 47,124	\$ 95,873
Investments	-	-	25,000
Receivables -			
Accounts	-	4,215	-
Interest	-	-	1,174
Taxes	-	-	11,681
Due from other funds	<u>1,000</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 6,766</u></u>	<u><u>\$ 51,339</u></u>	<u><u>\$ 133,728</u></u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 2,688	\$ -	\$ 3,256
Deposits payable	-	-	-
Due to other funds	<u>3,623</u>	<u>42,000</u>	<u>-</u>
	6,311	42,000	3,256
Fund Balances (Deficit):			
Unreserved -			
Undesignated	<u>455</u>	<u>9,339</u>	<u>130,472</u>
	<u><u>\$ 6,766</u></u>	<u><u>\$ 51,339</u></u>	<u><u>\$ 133,728</u></u>

Blue Water Area Transportation	Public Improvement	Building Inspections	Total	
			2004	2003
\$ 95,031	\$ 264,392	\$ 17,818	\$ 526,004	\$ 481,799
-	-	-	25,000	25,000
-	-	-	4,215	-
-	-	-	1,174	-
6,123	-	-	17,804	10,440
-	-	-	1,000	-
<u>\$ 101,154</u>	<u>\$ 264,392</u>	<u>\$ 17,818</u>	<u>\$ 575,197</u>	<u>\$ 517,239</u>
\$ -	\$ -	\$ 689	\$ 6,633	\$ 1,606
-	-	3,969	3,969	-
-	-	5,000	50,623	3,623
-	-	9,658	61,225	5,229
<u>101,154</u>	<u>264,392</u>	<u>8,160</u>	<u>513,972</u>	<u>512,010</u>
<u>\$ 101,154</u>	<u>\$ 264,392</u>	<u>\$ 17,818</u>	<u>\$ 575,197</u>	<u>\$ 517,239</u>

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

SPECIAL REVENUE FUNDS**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****FOR THE YEAR ENDED MARCH 31, 2004****WITH TOTALS FOR THE YEAR ENDED MARCH 31, 2003**

	<u>Cemetery</u>	<u>Parks and Recreation</u>	<u>Fire Capital</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 98,433
Intergovernmental -			
State	-	83,598	-
Local	-	15,072	-
Licenses and permits	-	-	-
Charges for services	14,875	-	-
Interest	3,074	119	2,328
Other revenue	1,371	225	1,501
	<u>19,320</u>	<u>99,014</u>	<u>102,262</u>
Expenditures:			
Public Safety	-	-	103,301
Public Works	26,451	-	-
Recreation and Cultural	-	197,231	-
Debt Retirement	-	-	-
	<u>26,451</u>	<u>197,231</u>	<u>103,301</u>
Excess of revenues over (under) expenditures	(7,131)	(98,217)	(1,039)
Other Financing Sources:			
Operating transfers in from other funds	<u>1,000</u>	<u>102,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(6,131)	3,783	(1,039)
Fund Balances at beginning of year	<u>6,586</u>	<u>5,556</u>	<u>131,511</u>
Fund Balances (Deficit) at end of year	<u>\$ 455</u>	<u>\$ 9,339</u>	<u>\$ 130,472</u>

Blue Water Area Transportation	Public Improvement	Building Inspections	Totals	
			2004	2003
\$ 51,593	\$ -	\$ -	\$ 150,026	\$ 142,010
-	-	-	83,598	10,785
-	-	-	15,072	14,162
-	-	56,423	56,423	-
-	-	-	14,875	8,150
1,542	4,060	220	11,343	13,086
-	-	-	3,097	14,505
<u>53,135</u>	<u>4,060</u>	<u>56,643</u>	<u>334,434</u>	<u>202,698</u>
-	-	86,096	189,397	52,366
60,006	-	-	86,457	72,559
-	-	-	197,231	74,151
-	-	-	-	1,710
<u>60,006</u>	<u>-</u>	<u>86,096</u>	<u>473,085</u>	<u>200,786</u>
(6,871)	4,060	(29,453)	(138,651)	1,912
<u>-</u>	<u>-</u>	<u>37,613</u>	<u>140,613</u>	<u>126,900</u>
(6,871)	4,060	8,160	1,962	128,812
<u>108,025</u>	<u>260,332</u>	<u>-</u>	<u>512,010</u>	<u>383,198</u>
<u>\$ 101,154</u>	<u>\$ 264,392</u>	<u>\$ 8,160</u>	<u>\$ 513,972</u>	<u>\$ 512,010</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

CEMETERY FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 5,766	\$ 10,209
Due from other funds	<u>1,000</u>	<u>-</u>
	<u><u>\$ 6,766</u></u>	<u><u>\$ 10,209</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$ 2,688	\$ -
Due to other funds	<u>3,623</u>	<u>3,623</u>
	6,311	3,623
Fund Balance (Deficit):		
Unreserved -		
Undesignated	<u>455</u>	<u>6,586</u>
	<u><u>\$ 6,766</u></u>	<u><u>\$ 10,209</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN

St. Clair County, Michigan

CEMETERY FUND**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2004****WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003**

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Charges for services -				
Sale of lots	\$ 1,300	\$ 7,675	\$ 6,375	\$ 3,950
Grave openings	5,000	7,200	2,200	4,200
Interest	1,600	3,074	1,474	2,393
Other	1,600	1,371	(229)	11,500
	<u>9,500</u>	<u>19,320</u>	<u>9,820</u>	<u>22,043</u>
Expenditures:				
Public Works				
Salaries and fringes	808	483	325	727
Contracted services	6,700	8,250	(1,550)	3,659
Travel	550	65	485	807
Utilities	740	242	498	170
Repairs and maintenance	13,400	11,101	2,299	10,713
Supplies	155	360	(205)	619
Education and training	200	-	200	130
Capital outlay	6,800	5,117	1,683	2,834
Miscellaneous	147	833	(686)	1,267
	<u>29,500</u>	<u>26,451</u>	<u>3,049</u>	<u>20,926</u>
Excess of revenues over (under) expenditures	(20,000)	(7,131)	12,869	1,117
Other Financing Sources:				
Operating transfers in	<u>12,000</u>	<u>1,000</u>	<u>(11,000)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(8,000)	(6,131)	1,869	1,117
Fund Balance at beginning of year	<u>6,586</u>	<u>6,586</u>	<u>-</u>	<u>5,469</u>
Fund Balance (Deficit) at end of year	<u><u>\$ (1,414)</u></u>	<u><u>\$ 455</u></u>	<u><u>\$ 1,869</u></u>	<u><u>\$ 6,586</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PARKS AND RECREATION FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 47,124	\$ 5,556
Accounts receivable	<u>4,215</u>	<u>-</u>
	<u><u>\$ 51,339</u></u>	<u><u>\$ 5,556</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Due to other funds	\$ 42,000	\$ -
Fund Balance:		
Unreserved -		
Undesignated	<u>9,339</u>	<u>5,556</u>
	<u><u>\$ 51,339</u></u>	<u><u>\$ 5,556</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental -				
State	\$ 239,130	\$ 83,598	\$ (155,532)	\$ 10,785
Local	13,411	15,072	1,661	14,162
Interest	200	119	(81)	127
Other	85,000	225	(84,775)	3,005
	<u>337,741</u>	<u>99,014</u>	<u>(238,727)</u>	<u>28,079</u>
Expenditures:				
Recreation and Cultural -				
Contracted services	4,624	4,384	240	7,131
Utilities	250	156	94	102
Repairs and maintenance	12,402	8,402	4,000	13,021
Capital outlay	181,650	183,043	(1,393)	52,888
Miscellaneous	3,140	1,246	1,894	1,009
	<u>202,066</u>	<u>197,231</u>	<u>4,835</u>	<u>74,151</u>
Excess of revenues over (under) expenditures	135,675	(98,217)	(233,892)	(46,072)
Other Financing Sources:				
Operating transfers in	<u>47,710</u>	<u>102,000</u>	<u>54,290</u>	<u>41,900</u>
Excess of revenues and other sources over (under) expenditures	183,385	3,783	(179,602)	(4,172)
Fund Balance at beginning of year	<u>5,556</u>	<u>5,556</u>	<u>-</u>	<u>9,728</u>
Fund Balance at end of year	<u>\$ 188,941</u>	<u>\$ 9,339</u>	<u>\$ (179,602)</u>	<u>\$ 5,556</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

FIRE CAPITAL FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 95,873	\$ 101,124
Investments	25,000	25,000
Receivables -		
Interest	1,174	-
Taxes	<u>11,681</u>	<u>6,993</u>
	<u><u>\$ 133,728</u></u>	<u><u>\$ 133,117</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts payable	\$ 3,256	\$ 1,606
Fund Balance:		
Unreserved -		
Undesignated	<u>130,472</u>	<u>131,511</u>
	<u><u>\$ 133,728</u></u>	<u><u>\$ 133,117</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

FIRE CAPITAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	2004			2003
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 95,179	\$ 98,433	\$ 3,254	\$ 95,118
Interest earned	1,800	2,328	528	2,389
Miscellaneous	-	1,501	1,501	-
	<u>96,979</u>	<u>102,262</u>	<u>5,283</u>	<u>97,507</u>
Expenditures:				
Public Safety -				
Salaries	12,194	12,194	-	8,239
Fringes	4,024	3,354	670	3,187
Contracted services	500	168	332	168
Supplies	6,400	2,905	3,495	2,722
Professional fees	2,500	3,103	(603)	2,176
Telephone	700	1,482	(782)	1,597
Utilities	4,950	3,063	1,887	2,882
Insurance	14,000	15,784	(1,784)	13,209
Repair and maintenance	18,400	3,182	15,218	4,564
Education and training	4,500	1,544	2,956	1,407
Gasoline and oil	800	470	330	506
Dues and fees	300	485	(185)	125
Capital outlay	50,000	54,480	(4,480)	5,850
Miscellaneous	6,990	1,087	5,903	5,734
Debt Service				
Interest	-	-	-	1,710
	<u>126,258</u>	<u>103,301</u>	<u>22,957</u>	<u>54,076</u>
Excess of revenues over (under) expenditures	(29,279)	(1,039)	28,240	43,431
Fund Balance at beginning of year	<u>131,511</u>	<u>131,511</u>	<u>-</u>	<u>88,080</u>
Fund Balance at end of year	<u>\$ 102,232</u>	<u>\$ 130,472</u>	<u>\$ 28,240</u>	<u>\$ 131,511</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

**PUBLIC IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003**

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and cash equivalents	<u>\$ 264,392</u>	<u>\$ 260,332</u>
FUND BALANCE		
Fund Balance:		
Unreserved -		
Undesignated	<u>\$ 264,392</u>	<u>\$ 260,332</u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003**

	<u>2004</u>			<u>2003</u>
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
Interest	\$ -	\$ 4,060	\$ 4,060	\$ 5,166
Expenditures:				
Other	<u>22</u>	<u>-</u>	<u>22</u>	<u>-</u>
Excess of revenues over (under) expenditures	(22)	4,060	4,082	5,166
Other Financing Sources (Uses):				
Operating Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,000</u>
Excess of revenues and other sources over (under) expenditures	(22)	4,060	4,082	90,166
Fund Balance at beginning of year	<u>260,332</u>	<u>260,332</u>	<u>-</u>	<u>170,166</u>
Fund Balance at end of year	<u>\$ 260,310</u>	<u>\$ 264,392</u>	<u>\$ 4,082</u>	<u>\$ 260,332</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

BLUE WATER AREA TRANSPORTATION FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

ASSETS		<u>2004</u>	<u>2003</u>
Cash and cash equivalents		\$ 95,031	\$ 104,578
Taxes receivable		<u>6,123</u>	<u>3,447</u>
		<u><u>\$ 101,154</u></u>	<u><u>\$ 108,025</u></u>
 FUND BALANCE			
Fund Balance:			
Unreserved -			
Undesignated		<u><u>\$ 101,154</u></u>	<u><u>\$ 108,025</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004
WITH ACTUAL AMOUNTS FOR THE YEAR ENDED MARCH 31, 2003

	<u>2004</u>			<u>2003</u>
	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Taxes	\$ 46,921	\$ 51,593	\$ 4,672	\$ 46,892
Interest	<u>3,560</u>	<u>1,542</u>	<u>(2,018)</u>	<u>3,011</u>
	50,481	53,135	2,654	49,903
 Expenditures:				
Public Works -				
Contracted services	<u>75,000</u>	<u>60,006</u>	<u>14,994</u>	<u>51,633</u>
Excess of revenues under expenditures	(24,519)	(6,871)	17,648	(1,730)
Fund Balance at beginning of year	<u>108,025</u>	<u>108,025</u>	<u>-</u>	<u>109,755</u>
Fund Balance at end of year	<u><u>\$ 83,506</u></u>	<u><u>\$ 101,154</u></u>	<u><u>\$ 17,648</u></u>	<u><u>\$ 108,025</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

BUILDING INSPECTIONS FUND
BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash and cash equivalents	\$ 17,818
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LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 689
Deposits payable	3,969
Due to other funds	<u>5,000</u>
	9,658

Fund Balance:

Unreserved -	
Undesignated	<u>8,160</u>
	\$ 17,818

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

BUILDING INSPECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and Permits -			
Building permits	\$ 30,000	\$ 29,174	\$(826)
Electrical permits	10,000	9,331	(669)
Plumbing and mechanical permits	14,000	17,918	3,918
Interest	-	220	220
	<u>54,000</u>	<u>56,643</u>	<u>2,643</u>
Expenditures:			
Public Safety -			
Building inspection	41,809	24,230	17,579
Electrical inspection	10,104	10,091	13
Plumbing inspection	16,500	14,413	2,087
Administrative expense	-	37,312	(37,312)
Miscellaneous	-	50	(50)
	<u>68,413</u>	<u>86,096</u>	<u>(17,683)</u>
Excess of revenues under expenditures	(14,413)	(29,453)	(15,040)
Other Financing Sources:			
Operating transfers in	<u>-</u>	<u>37,613</u>	<u>37,613</u>
Excess of revenues and other sources over (under) expenditures	(14,413)	8,160	22,573
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$(14,413)</u></u>	<u><u>\$ 8,160</u></u>	<u><u>\$ 22,573</u></u>

ENTERPRISE FUND

The Enterprise Fund is used to report operations that provide services which are financed primarily by user charges.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

WATER FUND
BALANCE SHEET
MARCH 31, 2004 AND 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Current Assets:		
Cash and cash equivalents	\$ 350,958	\$ 240,256
Receivables -		
Utilities	118,543	118,193
Other	-	1,782
Due from other funds	2,192	2,192
Inventory	17,383	17,793
	<u>489,076</u>	<u>380,216</u>
Restricted Assets:		
Cash and cash equivalents	175,426	2,751,209
Investments	1,000,000	1,500,000
Deposits with St. Clair County DPW	47,640	215,806
Due from other funds	13,932	13,932
Intra fund receivable	16,102	16,102
Receivables -		
Special Assessments	1,710,257	2,114,699
Connection Fees	307,954	367,036
Interest	53,631	19,830
	<u>3,324,942</u>	<u>6,998,614</u>
Fixed Assets:		
Water system	9,795,689	9,763,526
Equipment	45,236	45,236
Construction in progress	-	3,656
	<u>9,840,925</u>	<u>9,812,418</u>
Less - accumulated depreciation	(1,085,419)	(878,868)
	<u>8,755,506</u>	<u>8,933,550</u>
Other Assets:		
Unamortized bond discount (net of amortization)	129,562	99,495
	<u>\$ 12,699,086</u>	<u>\$ 16,411,875</u>

LIABILITIES AND FUND EQUITY

	<u>2004</u>	<u>2003</u>
Current Liabilities:		
Accounts payable	\$ 26,997	\$ 27,575
Intra fund payable	<u>16,102</u>	<u>16,102</u>
	<u>43,099</u>	<u>43,677</u>
 Current Liabilities - Payable from restricted assets:		
Accounts payable	9,902	-
Due to other governmental units	3,701	-
Current portion of contracts payable	400,000	350,000
Deferred amount on refunding	<u>(289,231)</u>	<u>-</u>
	<u>124,372</u>	<u>350,000</u>
 Long-Term Liabilities - (net of current portion):		
Contracts Payable, net of current portion	<u>4,690,000</u>	<u>7,900,000</u>
	<u>4,857,471</u>	<u>8,293,677</u>
 Fund Equity:		
Contributed Capital -		
Customers	<u>5,092,641</u>	<u>5,092,641</u>
Retained Earnings -		
Reserved for construction/debt	44,122	212,386
Unreserved	<u>2,704,852</u>	<u>2,813,171</u>
	<u>2,748,974</u>	<u>3,025,557</u>
	<u>7,841,615</u>	<u>8,118,198</u>
	<u>\$ 12,699,086</u>	<u>\$ 16,411,875</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

WATER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues:		
User charges	\$ 440,342	\$ 436,958
Turn on/off fees	7,672	4,300
Inspection fees	1,125	1,575
Other charges	17,604	13,743
	<u>466,743</u>	<u>456,576</u>
 Operating Expenses :		
Salaries	79,394	74,662
Fringe benefits	21,113	19,044
Water purchases	166,471	153,000
Supplies	14,496	27,466
Professional fees	6,026	3,554
Contracted services	264	3,646
Utilities	9,890	8,288
Repairs and maintenance	10,627	6,285
Miscellaneous	31,330	27,696
	<u>339,611</u>	<u>323,641</u>
 Operating Income before depreciation	127,132	132,935
 Depreciation	<u>(206,551)</u>	<u>(205,908)</u>
 Operating Loss	<u>(79,419)</u>	<u>(72,973)</u>
 Non-Operating Revenues (Expenses):		
User charges - debt service	163,452	162,938
Interest earned on -		
Investments	84,551	177,616
Special assessments	100,324	122,690
Connection fees	18,255	20,148
Special assessments	32,165	69,135
Interest expense and fees for debt	<u>(595,911)</u>	<u>(434,824)</u>
	<u>(197,164)</u>	<u>117,703</u>
 Net Income (Loss)	(276,583)	44,730
 Retained Earnings at beginning of fiscal year	<u>3,025,557</u>	<u>2,980,827</u>
 Retained Earnings at end of fiscal year	<u><u>\$ 2,748,974</u></u>	<u><u>\$ 3,025,557</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan
WATER FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2004 AND 2003

	2004	2003
Cash Flow From Operating Activities:		
Receipts from customers	\$ 466,393	\$ 438,342
Payments to suppliers	(235,279)	(214,541)
Payments to employees	(100,507)	(93,706)
Net Cash Provided by Operating Activities	<u>130,607</u>	<u>130,095</u>
Cash Flow From Capital and Related Financing Activities:		
Purchase of capital assets	(28,507)	(5,551)
Bond payments -		
Principal	(3,481,509)	(325,000)
Interest	(595,911)	(434,824)
Special assessments/connection fees	495,689	551,005
User charges - debt service	163,452	162,938
Contracts payable	9,902	(281)
Deposits with St. Clair County	168,166	7,885
Due to other governmental units	<u>3,701</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,265,017)</u>	<u>(43,828)</u>
Cash Flow From Investing Activities:		
(Purchase) sale of investments	500,000	(1,500,000)
Interest earned	<u>169,329</u>	<u>304,982</u>
Net Cash Provided (Used) from Investing Activities	<u>669,329</u>	<u>(1,195,018)</u>
Net decrease in cash and cash equivalents for the fiscal year	(2,465,081)	(1,108,751)
Cash and Cash Equivalents at beginning of fiscal year	<u>2,991,465</u>	<u>4,100,216</u>
Cash and Cash Equivalents at end of fiscal year	<u><u>\$ 526,384</u></u>	<u><u>\$ 2,991,465</u></u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss for the fiscal year	\$(79,419)	\$(72,973)
Adjustments to reconcile operating loss to net cash provided by operating activities -		
Depreciation and amortization	208,762	208,119
Changes in assets and liabilities -		
(Increase) Decrease in -		
Receivables	1,432	(20,016)
Due from other funds	-	(9,895)
Inventory	410	4,323
Increase (Decrease) in -		
Payables	(578)	10,642
Due to other funds	<u>-</u>	<u>9,895</u>
Net Cash Provided by Operating Activities	<u><u>\$ 130,607</u></u>	<u><u>\$ 130,095</u></u>

Supplemental Schedule On Non-Cash Financing Activities

During the year the Township issued \$2,740,000 of Water Supply System No. IX Bonds to partially defease the 1996 Water Supply System No. IX and 1998 Water Supply System IX Bonds.

TRUST FUND

The Trust Fund is used to account for assets held by the Township in a trustee capacity for individuals and other funds.

AGENCY FUNDS

The Agency Funds are used to account for assets held by the Township as an agent for individuals, other governments, and funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004
WITH TOTALS AS OF MARCH 31, 2003

	Cemetery Perpetual Care	Agency Fund Current Tax	Total	
			2004	2003
ASSETS				
Cash and cash equivalents	\$ 5,696	\$ 7,506	\$ 13,202	\$ 11,450
Investments	47,373	-	47,373	47,373
Interest receivable	4,500	-	4,500	2,250
	<u>\$ 57,569</u>	<u>\$ 7,506</u>	<u>\$ 65,075</u>	<u>\$ 61,073</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other funds	\$ 1,000	\$ 3,861	\$ 4,861	\$ 4,794
Due to other governments	-	3,645	3,645	670
	<u>1,000</u>	<u>7,506</u>	<u>8,506</u>	<u>5,464</u>
Fund Balance:				
Reserved	52,461	-	52,461	52,061
Unreserved - Undesignated	4,108	-	4,108	3,548
	<u>56,569</u>	<u>-</u>	<u>56,569</u>	<u>55,609</u>
	<u>\$ 57,569</u>	<u>\$ 7,506</u>	<u>\$ 65,075</u>	<u>\$ 61,073</u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

CEMETERY PERPETUAL CARE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Operating Revenues:		
Sale of perpetual care	\$ 400	\$ 350
Non-Operating Revenues:		
Interest earned on investments	<u>2,904</u>	<u>1,347</u>
Net Income before operating transfers	3,304	1,697
Other Financing Uses:		
Operating transfers out	<u>(2,344)</u>	<u>-</u>
Net Income	960	1,697
Fund Balance at beginning of fiscal year	<u>55,609</u>	<u>53,912</u>
Fund Balance at end of fiscal year	<u><u>\$ 56,569</u></u>	<u><u>\$ 55,609</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
CEMETERY PERPETUAL CARE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED MARCH 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 400	\$ 350
Cash Flows From Non-Capital Financing Activities:		
Operating transfers out	(1,344)	-
Cash Flows From Investing Activities:		
Interest earned	654	90
Net increase (decrease) in cash and cash equivalents	(290)	440
Cash and cash equivalents at beginning of year	<u>5,986</u>	<u>5,546</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,696</u></u>	<u><u>\$ 5,986</u></u>

BURTCHVILLE TOWNSHIP, MICHIGAN
St. Clair County, Michigan

AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

	CURRENT TAX FUND			
	Balance at April 1, 2003	Additions	Reductions	Balance at March 31, 2004
ASSETS				
Cash and cash equivalents	<u>\$ 5,464</u>	<u>\$ 2,626,069</u>	<u>\$2,624,027</u>	<u>\$ 7,506</u>
LIABILITIES				
Due to other funds	\$ 4,794	\$ 308,392	\$ 309,325	\$ 3,861
Due to other governmental units	<u>670</u>	<u>2,276,066</u>	<u>2,273,091</u>	<u>3,645</u>
	<u>\$ 5,464</u>	<u>\$ 2,584,458</u>	<u>\$2,582,416</u>	<u>\$ 7,506</u>



To the Members of the Township Board
Burtchville Township
St. Clair County, Michigan

In planning and performing our audit of the general purpose financial statements of Burtchville Township for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Plumbing and mechanical permits should be issued by Township Hall.

At the current time plumbing and mechanical permits are issued by the plumbing/mechanical inspector. To increase controls over these permits we recommend that all permits be issued by the Township Hall.

All permits should be prenumbered.

At the current time the permits issued are not prenumbered nor is the sequence of the permits accounted for on a routine basis. To increase controls we recommend that all permits be prenumbered and periodically reconciled by a person not involved in the issuing receipting process.

To increase controls, all journal entries should have supporting documentation and be approved by someone other than the individual responsible for the general ledger.

During our audit testing, we noted that adjusting journal entries did not have supporting documentation attached or were not approved by an individual. All journal entries should be accompanied by a full explanation and/or by reference to adequate supporting data. The Township should also consider having someone other than the person making the entries approve the entries.

This report is intended for the information and use of management and the Township Board of Burtchville Township, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Stewart, Beavers & Whipple

June 10, 2003